



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 8/20/2002

GAIN Report #KS2035

Korea, Republic of

Product Brief

Fresh Fruits & Vegetables - Update

2002

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Report Highlights:

Korean imports of U.S. fresh fruits and vegetables are expected to reach another record in 2002, after surpassing \$84 million in 2001. Most of the U.S. sales in this category are U.S. oranges, but other fruits such as grapes, grapefruit, cherries, and lemons are also of interest. The Korea market for these products looks even more promising in the future, as consumers demand a wider variety of fruits in their diet, and increasingly can afford them. Avocados, onions, and asparagus comprise most of the U.S. export value of fresh vegetables to Korea. While the U.S. export volume is currently relatively small, the increase in family category restaurants is helping to drive demand for a wider variety of fresh vegetables available in the marketplace. This report contains basic information about the Korean market for these products, as well as the list of fresh fruits and vegetable enterable into Korea.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul ATO [KS2], KS

I. MARKET PROSPECTS:

The real GDP growth rate in Korea reached 3% in 2001, and is forecast to reach about 6.5% in 2002. Korean currency has gained more than 10% against the U.S. dollar since January 1 of this year. Imports of food products are highly sensitive to the performance of the economy and exchange rate of Korean won. Korea must import about 70% of its agricultural product needs. About the size of Indiana state, the population of Korea is about 47 million. Korea is the fourth largest market for U.S. agricultural exports. Korea imported about \$12 billion of agricultural and food products in 2001, of which \$3.3 billion came from the U.S.

Average monthly household income has increased by 3.7 times to \$1,850 in 2000 compared to 20 years ago and food expenditure also increased by 1.8 times during the same period. Accordingly, Engel's coefficient dropped to 23.7% in 2000 compared to 41.3% in 1980. Eating out took 40% out of total household's food expenditure in 2000.

Korean imports of produce is likely to increase in the future due to decrease in local produce production and development of transportation. Although Korea is currently self sufficient in almost all produce, aging farmers and a shortage of labor will likely hinder the local industry to meet the demands of quantity and variety of produce demanded by consumers in the future.

Supplies of local fruits and vegetables are often disrupted in summer months due to intermittent periods of dry weather and heavy rains. A large number of fast food and family style restaurants have expanded recently in Korea, which demand a wider variety of fresh produces.

Competitiveness

China is a strong competitor of the US - Shipments of produce from China are almost always required to be fumigated but shipments from U.S. are not always required to do so, unless the product is imported by an importer for the first time, because U.S. products are fairly trusted by Korean customs.(See Entry Requirement Table)

The shipment from the U.S. west coast to Korea takes about 2 weeks, and only 1 week from China to Korea. However, the total time for shipments from the U.S. west coast and from China including inspections and customs clearance is not much different because it takes longer time to receive plant quarantine inspections for Chinese produce.

Advantages

- Increasing demand for U.S. fruits
- Little competition for U.S. citrus
- Good reputation for U.S. produce
- Reasonable prices of U.S. fruits

Challenges

- High tariffs
- Fumigation requirements

II. PER CAPITA CONSUMPTION AND LOCAL PRODUCTION OF PRODUCES

A. Per Capita Consumption of Fruits and Vegetables

Unit: Kg

	1980	1985	1990	1995	1998	1999	2000
Fruits	22.3 Kg	36.0	41.8	55.4	49.2	55.7	53.4
Vegetables	120.3 Kg	98.6	132.6	158.5	148.3	148	150

Sources: Agricultural & Forestry Statistical Yearbook 2001 by Ministry of Agriculture & Forestry, Republic of Korea

B. Local Production of Fruits and Vegetables

Unit: Metric Ton

	Fruits	Vegetables
2000	2,430,000 MT	10,547,000 MT
2001	2,490,000	10,561,000

Sources: Agricultural & Forestry Statistical Yearbook 2001 by Ministry of Agriculture & Forestry, Republic of Korea

III. VEGETABLES

Korea is self-sufficient in almost all vegetables. Local production of vegetables is about 2.4 million MT in 2000 compared with 2.3 million MT in 1999. A wide variety of fresh vegetables are demanded by the increased number of fast food and family restaurants. As household's income increases, food selection moves to taste, nutrition and safety, and away from price only criteria.

Major local vegetables include: water melons, melons, strawberries, cucumbers, pumpkins, tomatoes, Chinese cabbage, radishes.

A. Total Imports of Fresh Vegetables (HS 0701-0709)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Total	25,923	32,747	28,855	35,328	11,662
U.S.	1,416(5%)	3,603(11%)	929(3%)	574(1%)	339(2%)

Source: Korea Customs Service, Republic of Korea

B. Tariffs and Tariff Quotas for Vegetables

HS Code	Commodity Description	Tariff
0701.10.0000	Seed Potato	Quota: 1,729.1 MT/N=0%, M=310.8%
0701.10.9000	Other than seed potato	Quota: 17,138 MT/N=30%, M=310.8%

0703.10.1000	Onions	Quota:18,805.9MT/ N=50%, M=138%
0703.20.1000	Garlic	Quota:13,181 MT/ N=50%, M=368%
0704	Cabbage & Cauliflower	27.6%
0705	Lettuce & Chicory	Lettuce: 46% & Chicory: 8%
0709	Artichoke & Asparagus	27.6%

N:tariff within the quota, M:tariff when exceeding the quota

C. Imports of major Fresh Vegetables by country, year and HS commodity code

1. Imports of fresh potatoes (HS0701)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Australia	2,379	2,444	3,566	2,602	3,320
Japan	0	375	345	148	343
U.S.	0	335	121	81	48
Mongolia	0	2,196	0	0	0
Other	0	80		48	0
Total	2,379	5,430	4,032	2,879	3,711

2. Imports of fresh Onions (HS0703-10-1000)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
China	0	138	313	1,333	0
New Zealand	0	1,363	3	3	0
U.S.	1,126	2,836	308	8	18
Other	1,515	0	105	0	37
Total	2,641	4,337	729	1,345	55

3. Imports of fresh Garlic (HS0703-20)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
China	10,533	5,939	111	8,135	0
Other	0	0	2	0	0
Total	10,533	5,939	113	8,135	0

4. Imports of fresh Cabbage & Cauliflower (HS0704)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
China	10	563	2,034	75	2
Australia	5	19	15	5	0
U.S.	33	4	13	6	0
Other	2	55	129	13	0
Total	50	641	2,191	99	2

5 . Imports of fresh Lettuce & Chicory (HS0705)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
U.S.	187(74%)	255(75%)	274(69%)	281(77%)	119(56%)
Other	65	85	120	82	90
Total	252	340	394	363	209

6. Imports of fresh Carrots & Turnips (HS0706)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
China	7,144	11,255	12,054	13,866	4,354
Other	18	309	593	1,062	22
Total	7,162	11,564	12,647	14,928	4,376

7. Imports of fresh Artichokes (HS0709-10)

Unit: Value - \$

	1998	1999	2000	2001	2002(Jan-May)
U.S.	1,794(100%)	31,468(98%)	16,081(65%)	7,203(31%)	0(0%)
EU	0	0	1,165	4,766	2,894
Other	0	495	7,487	11,052	0
Total	1,794	31,963	24,733	23,021	2,894

8. Imports of fresh Asparagus (HS0709-20)

Unit: Value - \$

	1998	1999	2000	2001	2002(Jan-May)
U.S.	24,677(27%)	64,769(39%)	78,497(34%)	126,400(44%)	115,459(81%)

Australia	42,147	61,241	94,879	96,961	12,730
Other	19,846	37,024	52,696	60,751	13,375
Total	88,670	163,034	226,072	284,112	141,564

Source: Korea Customs Service, Republic of Korea

IV. FRUITS

Total production of fruits in Korea amounted to about 2.43 million MT in 2000 compared with 2.39 million MT in 1999. The year 2002 has already proven to be a record year for U.S. fresh fruit exports to Korea, totaling \$78 million for the first five months, up from \$72 million in the same period in 2001. Oranges continue to be the largest U.S. fresh fruit export to the Korean market followed by lemons, grapefruits and cherries. Due to imported fruits, Koreans now can enjoy more kinds of fruits, 3 kinds of fruits per month in 2000 from 2.4 kinds in 1982.

Major local fruits include apples, table grapes, Asian pears, persimmons, tangerines, peaches and plums.

A. Total Imports of Fresh Fruits (HS 0803-0810)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Total	85,755	135,172	181,023	187,508	135,591
U.S.	33,223(38%)	33,354(24%)	70,593(38%)	83,811(44%)	76,516(56%)

Source: Korea Customs Service, Republic of Korea

B. Tariffs and Tariff Quotas for Fruits

HS Code	Commodity Description	Tariff
0803	Bananas	30%
0804.30	Pineapple	30%
0804.40	Avocado	30%
0804.50	Mango	30%
0805.10	Oranges	Quota: 47,680 MT / N=50%, M=59.8%
0805.20.1000	Korean citrus	Combined Quota of these 4 different codes 1,910.5MT / N=50%, M=147.2%
0805.20.9000	Others	
0805.50.2020	Limes	
0805.90.0000	Others	

0809.20	Cherries	27.2%
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N:tariff within the quota, M:tariff when exceeding the quota

C. Imports of Major Fresh Fruits by Country, Year and HS Commodity Code

1. Imports of Bananas (including dried bananas) (HS0803)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Philippine	37,422	68,381	73,082	69,993	39,843
Other	379	4,717	2168	52	16
Total	37,801	73,098	75,250	70,045	39,859

2. Imports of fresh Pineapple (HS0804-30)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Philippine	6,714	9,900	9,507	10,439	5,640
Other	13	138	1,454	708	211
Total	6,727	10,038	10,961	11,147	5,851

3. Imports of fresh Avocados (HS0804-40)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
U.S.	86	109	145	242	187
New Zealand	27	59	98	114	23
Other	0	0	4	0	0
Total	113	169	247	356	210

4. Imports of fresh Mangos (HS0804-50)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Philippine	0	0	1,310	695	505
Other	0	0	1	10	0
Total	0	0	1,311	705	505

5. Imports of fresh Oranges (HS 0805-10)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
U.S.	28,283(99%)	25,653(95%)	60,369(95%)	75,234(97%)	72,900(99%)
Other	72	1,083	2,992	1,966	59
Total	28,355	26,736	63,361	77,200	72,959

6. Imports of fresh Lemons (HS 0805-50)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
U.S.	2,466(95%)	3,628(97%)	4,047(97%)	4,453(96%)	1,820(100%)
New Zealand	115	104	94	129	0
Other	0	0	3	21	0
Total	2,581	3,732	4,144	4,603	1,820

7. Imports of fresh Grapefruits (HS 0805-40)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
U.S.A.	797(100%)	1,850(97%)	1,384(89%)	1,246(81%)	899(100%)
Other	0	44	159	287	0
Total	797	1,894	1,543	1,533	899

8. Imports of fresh Grapes (HS 0806-10)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
Chili	2,053	9,454	10,348	8,438	8,307
U.S.	127	788	2,313	1,108	327
Total	2,180	10,242	12,661	9,546	8,635

9. Imports of fresh Cherries (HS 0809-20)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
U.S.	214(100%)	592(81%)	1,078(85%)	1,183(86%)	143(66%)
Other	0	131	187	182	73
Total	214	723	1,265	1,365	216

10. Imports of fresh Kiwifruit (HS 0810-50)

Unit: Value - \$1,000

	1998	1999	2000	2001	2002(Jan-May)
New Zealand	4,834	6,456	7,061	8,473	3,289
U.S.	2	478	710	149	160
Other	356	587	876	650	505
Total	5,192	7,521	8,647	9,272	3,953

Source: Korea Customs Service, Republic of Korea

V. CURRENT ENTRY REQUIREMENTS FOR U.S. FRUITS & VEGETABLES EXPORTS TO KOREA

1. Enterable Restricted

Commodity	Entry Requirements	Comments
Artichoke	PC	
Asparagus	PC	
Avocado	PC (ff AD)	HI, TX prohibited
Banana	PC	Mature banana prohibited
Barley	PC	
Basil	PC	
*Bean husk(dried)	PC	
Bean sprout	PC	Underground part prohibited
Broccoli	PC	
Brussels sprout	PC	
Carrot	PC	Dirt prohibited
Cauliflower	PC	
Celery	PC	
Cherry (Bing, Lambert, Van)	MB, PC	
Chinese cabbage	PC	
Chive	PC	
Cilantro	PC	

Coconut palm	PC	
Corn (seed)	PC	
Endive	PC	
Garlic	PC	
Ginkgo	PC	Fruit pulp removed
Grape	PC (ff AD)	HI, TX prohibited
Grapefruit	PC(ff AD)	HI, TX prohibited
Hazelnut	PC	Fruit pulp removed
*Horseradish(w/raw roots) (Armoracia rusticana)	PC	Dirt prohibited
Kiwi	PC (ff AD)	HI prohibited
Leek	PC	Underground part prohibited
Lemon	PC (ff AD)	HI, TX prohibited
Lemon grass	PC	Underground part prohibited
Lettuce	PC	
Lime	PC (ff AD)	HI, TX prohibited
Melon	PC (ff AD)	HI prohibited
Mint	PC	
Mushroom	PC	
Mustard green	PC	
Onion	PC	
Orange	PC (ff AD) Mandatory fumigation	HI, TX prohibited
Oregano	PC	
Parsley	PC	
Pecan	PC	
Peanut (shelled)	PC	
Persimmon	PC (ff AD)	FL, HI, TX prohibited
Pineapple	PC	Underground part prohibited
Pistachio	PC	Fruit pulp removed

Potato	PC	AZ, CA, CO, DE, KS, MD, MT, NB, ND, NM, NV, NY, OK, PA, SD, UT, WV, WY prohibited
Radicchio	PC	Underground part prohibited
Rhubarb	PC	Underground part prohibited
Rice (hulled)	PC	
Rosemary	PC	
Shallot	PC	Underground part prohibited
Soybean oilseed cake	EC	
Soybean pelletized hulls	EC	
Soybean seeds	PC	
Spinach	PC	
Tarragon	PC	
Turnip	PC	
Walnut (shelled)	MB, PC	
Watercress	PC	
Wheat	PC	

*: Added since June 2001

Commodities Not Listed - Commodities not listed should be considered prohibited, or else the requirements are not known or have not been established. For more specific information, APHIS office in Seoul (Phone: 82-2-397-4198, E-mail: aphiskor@uriel.net) or National Plant Quarantine Service (NPQS) of Korea should be consulted.

PC - Phytosanitary Certificate (PPQ Form 577)

ff AD - Following Additional Declaration must be entered on the PC:

“This shipment was produced and packed in an area outside of the quarantine regulated area for fruit flies (Medfly, Oriental fruit fly, Mexican fruit fly, etc.)”

AZ, CA, CO, - Arizona, California, Colorado,
 DE, KS, MD, - Delaware, Kansas, Maryland,
 MT, NB, ND, - Montana, Nebraska, North Dakota,
 NM, NV, NY, - New Mexico, Nevada, New York,
 OK, PA, SD, - Oklahoma, Pennsylvania, South Dakota,
 UT, WV, WY - Utah, West Virginia, Wyoming

HI, TX - Hawaii, Texas

MB - Methyl bromide treatment

EC - Export Certificate for Processed Plant Products (PPQ Form 578)

2. Enterable Unrestricted

Bamboo